



General Assembly

Bill No. 7501

*June Special Session,
2005*

LCO No. 8331

08331_____

Referred to Committee on No Committee

Introduced by:

REP. AMANN, 118th Dist.

SEN. WILLIAMS, 29th Dist.

AN ACT CONCERNING ENERGY INDEPENDENCE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 16-1 of the general statutes is
2 amended by adding subdivisions (42) to (44), inclusive, as follows
3 (*Effective from passage*):

4 (NEW) (42) "Combined heat and power system" means a system
5 that produces, from a single source, both electric power and thermal
6 energy used in any process that results in an aggregate reduction in
7 electricity use;

8 (NEW) (43) "Grid-side distributed resources" means the generation
9 of electricity from a unit with a rating of not more than sixty-five
10 megawatts that is connected to the transmission or distribution system,
11 which units may include, but are not limited to, units used primarily to
12 generate electricity to meet peak demand; and

13 (NEW) (44) "Class III renewable energy source" means the electricity

14 output from combined heat and power systems with an operating
15 efficiency level of no less than fifty per cent that are part of customer-
16 side distributed resources developed at commercial and industrial
17 facilities in this state on or after January 1, 2006, or the electricity
18 savings created at commercial and industrial facilities in this state from
19 conservation and load management programs begun on or after
20 January 1, 2006.

21 Sec. 2. Subdivisions (40) and (41) of subsection (a) of section 16-1 of
22 the general statutes are repealed and the following is substituted in
23 lieu thereof (*Effective from passage*):

24 (40) ["Distributed generation"] "Customer-side distributed
25 resources" means (A) the generation of electricity from a unit with a
26 rating of not more than sixty-five megawatts on the premises of [an] a
27 retail end user within the transmission and distribution system
28 including, but not limited to, fuel cells, photovoltaic systems or small
29 wind turbines, or (B) a reduction in the demand for electricity on the
30 premises of a retail end user in the distribution system through
31 methods of conservation and load management, including, but not
32 limited to, peak reduction systems and demand response systems;
33 [and]

34 (41) "Federally mandated congestion [costs] charges" means any cost
35 approved by the Federal Energy Regulatory Commission as part of
36 New England Standard Market Design including, but not limited to,
37 locational marginal pricing, locational installed capacity payments, any
38 cost approved by the Department of Public Utility Control to reduce
39 federally mandated congestion charges in accordance with this section,
40 sections 16-19ss, 16-32f, 16-50i, 16-50k, 16-50x, 16-244c, 16-244e, 16-
41 245m and 16-245n, as amended by this act, and sections 8 to 17,
42 inclusive, and 20 and 21 of this act and reliability must run contracts.

43 Sec. 3. Subsection (d) of section 16-19ss of the general statutes is
44 repealed and the following is substituted in lieu thereof (*Effective from*
45 *passage*):

46 (d) Nothing in this section shall be construed to allow an electric
47 distribution company to own, operate, lease or control any facility or
48 asset that generates electricity, or retain any interest in such facility or
49 asset as part of any transaction concluded pursuant to this section,
50 except as provided in subsection (e) of section 16-244e, as amended by
51 this act, and section 12 of this act.

52 Sec. 4. Subdivision (6) of subsection (a) of section 16-244e of the
53 general statutes is repealed and the following is substituted in lieu
54 thereof (*Effective from passage*):

55 (6) Once unbundling is completed to the satisfaction of the
56 department and consistent with the provisions of section 16-244, (A)
57 any corporate affiliate or separate division that provides electric
58 generation services as a result of unbundling pursuant to this
59 subsection shall be considered a generation entity or affiliate of the
60 electric company, and the division or corporate affiliate of the electric
61 company that provides transmission and distribution services shall be
62 considered an electric distribution company, and (B) an electric
63 distribution company shall not own or operate generation assets,
64 except as provided in subsection (e) of section 16-244e, as amended by
65 this act, and section 12 of this act.

66 Sec. 5. Section 16-245m of the general statutes is repealed and the
67 following is substituted in lieu thereof (*Effective from passage*):

68 (a) (1) On and after January 1, 2000, the Department of Public Utility
69 Control shall assess or cause to be assessed a charge of three mills per
70 kilowatt hour of electricity sold to each end use customer of an electric
71 distribution company to be used to implement the program as
72 provided in this section for conservation and load management
73 programs but not for the amortization of costs incurred prior to July 1,
74 1997, for such conservation and load management programs.

75 (2) Notwithstanding the provisions of this section, receipts from
76 such charge shall be disbursed to the resources of the General Fund

77 during the period from July 1, 2003, to June 30, 2005, unless the
78 department shall, on or before October 30, 2003, issue a financing order
79 for each affected electric distribution company in accordance with
80 sections 16-245e to 16-245k, inclusive, to sustain funding of
81 conservation and load management programs by substituting an
82 equivalent amount, as determined by the department in such financing
83 order, of proceeds of rate reduction bonds for disbursement to the
84 resources of the General Fund during the period from July 1, 2003, to
85 June 30, 2005. The department may authorize in such financing order
86 the issuance of rate reduction bonds that substitute for disbursement to
87 the General Fund for receipts of both the charge under this subsection
88 and under subsection (b) of section 16-245n, as amended by this act,
89 and also may, in its discretion, authorize the issuance of rate reduction
90 bonds under this subsection and subsection (b) of section 16-245n, as
91 amended by this act, that relate to more than one electric distribution
92 company. The department shall, in such financing order or other
93 appropriate order, offset any increase in the competitive transition
94 assessment necessary to pay principal, premium, if any, interest and
95 expenses of the issuance of such rate reduction bonds by making an
96 equivalent reduction to the charge imposed under this subsection,
97 provided any failure to offset all or any portion of such increase in the
98 competitive transition assessment shall not affect the need to
99 implement the full amount of such increase as required by this
100 subsection and by sections 16-245e to 16-245k, inclusive. Such
101 financing order shall also provide if the rate reduction bonds are not
102 issued, any unrecovered funds expended and committed by the
103 electric distribution companies for conservation and load management
104 programs, provided such expenditures were approved by the
105 department after August 20, 2003, and prior to the date of
106 determination that the rate reduction bonds cannot be issued, shall be
107 recovered by the companies from their respective competitive
108 transition assessment or systems benefits charge but such expenditures
109 shall not exceed four million dollars per month. All receipts from the
110 remaining charge imposed under this subsection, after reduction of

111 such charge to offset the increase in the competitive transition
112 assessment as provided in this subsection, shall be disbursed to the
113 Energy Conservation and Load Management Fund commencing as of
114 July 1, 2003. Any increase in the competitive transition assessment or
115 decrease in the conservation and load management component of an
116 electric distribution company's rates resulting from the issuance of or
117 obligations under rate reduction bonds shall be included as rate
118 adjustments on customer bills.

119 (b) The electric distribution company shall establish an Energy
120 Conservation and Load Management Fund which shall be held
121 separate and apart from all other funds or accounts. Receipts from the
122 charge imposed under subsection (a) of this section shall be deposited
123 into the fund. Any balance remaining in the fund at the end of any
124 fiscal year shall be carried forward in the fiscal year next succeeding.
125 Disbursements from the fund by electric distribution companies to
126 carry out the plan developed under subsection (d) of this section shall
127 be authorized by the Department of Public Utility Control upon its
128 approval of such plan.

129 (c) The Department of Public Utility Control shall appoint and
130 convene an Energy Conservation Management Board which shall
131 include representatives of: (1) An environmental group knowledgeable
132 in energy conservation program collaboratives; (2) the Office of
133 Consumer Counsel; (3) the Attorney General; (4) the Department of
134 Environmental Protection; (5) the electric distribution companies in
135 whose territories the activities take place for such programs; (6) a state-
136 wide manufacturing association; (7) a chamber of commerce; (8) a
137 state-wide business association; (9) a state-wide retail organization;
138 (10) a representative of a municipal electric energy cooperative created
139 pursuant to chapter 101a; (11) two representatives selected by the gas
140 companies in this state; and [(10)] (12) residential customers. Such
141 members shall serve for a period of five years and may be reappointed.
142 Representatives of the gas companies shall not vote on matters
143 unrelated to gas conservation. Representatives of the electric

144 distribution companies and the municipal electric energy cooperative
145 shall not vote on matters unrelated to electricity conservation.

146 (d) (1) The Energy Conservation Management Board shall advise
147 and assist the electric distribution companies in the development and
148 implementation of a comprehensive plan, which plan shall be
149 approved by the Department of Public Utility Control, to implement
150 cost-effective energy conservation programs and market
151 transformation initiatives. The plan shall be consistent with the
152 comprehensive energy plan approved by the Connecticut Energy
153 Advisory Board pursuant to section 16a-7a at the time of submission to
154 the department. Each program contained in the plan shall be reviewed
155 by the electric distribution company and either accepted or rejected by
156 the Energy Conservation Management Board prior to submission to
157 the department for approval. The Energy Conservation Management
158 Board shall, as part of its review, examine opportunities to offer joint
159 programs providing similar efficiency measures that save more than
160 one fuel resource or otherwise to coordinate programs targeted at
161 saving more than one fuel resource. Any costs for joint programs shall
162 be allocated equitably among the conservation programs. The Energy
163 Conservation Management Board shall give preference to projects that
164 maximize the reduction of federally mandated congestion charges.

165 (2) There shall be a joint committee of the Energy Conservation
166 Management Board and the Renewable Energy Investments Advisory
167 Committee. The board and the advisory committee shall each appoint
168 members to such joint committee. The joint committee shall examine
169 opportunities to coordinate the programs and activities funded by the
170 Renewable Energy Investment Fund pursuant to section 16-245n, as
171 amended by this act, with the programs and activities contained in the
172 plan developed under this subsection to reduce the long-term cost,
173 environmental impacts and security risks of energy in the state. Such
174 joint committee shall hold its first meeting on or before August 1, 2005.

175 ~~[(2)]~~ (3) Programs included in the plan developed under subdivision

176 (1) of subsection (d) of this section shall be screened through cost-
 177 effectiveness testing which compares the value and payback period of
 178 program benefits to program costs to ensure that programs are
 179 designed to obtain energy savings and system benefits, including
 180 mitigation of federally mandated congestion charges, whose value is
 181 greater than the costs of the programs. Cost-effectiveness testing shall
 182 utilize available information obtained from real-time monitoring
 183 systems to ensure accurate validation and verification of energy use.
 184 Program cost-effectiveness shall be reviewed annually, or otherwise as
 185 is practicable. If a program is determined to fail the cost-effectiveness
 186 test as part of the review process, it shall either be modified to meet the
 187 test or shall be terminated. On or before March 1, 2005, and [March 1,
 188 2006] on or before March first annually thereafter, the board shall
 189 provide a report, in accordance with the provisions of section 11-4a, to
 190 the joint standing committees of the General Assembly having
 191 cognizance of matters relating to energy and the environment [which]
 192 (A) that documents expenditures and fund balances and evaluates the
 193 cost-effectiveness of such programs conducted in the preceding year,
 194 and (B) that documents the extent to and manner in which the
 195 programs of such board collaborated and cooperated with programs,
 196 established under section 17 of this act, of municipal electric energy
 197 cooperatives. To maximize the reduction of federally mandated
 198 congestion charges, programs in the plan may allow for
 199 disproportionate allocations between the amount of contributions to
 200 the Energy Conservation and Load Management Funds by a certain
 201 rate class and the programs that benefit such a rate class. Before
 202 conducting such evaluation, the board shall consult with the
 203 Renewable Energy Investments Advisory Committee. The report shall
 204 include a description of the activities undertaken during the reporting
 205 period jointly or in collaboration with the Renewable Energy
 206 Investment Fund established pursuant to subsection (c) of section 16-
 207 245n, as amended by this act.

208 ~~[(3)]~~ (4) Programs included in the plan developed under subdivision
 209 (1) of subsection (d) of this section may include, but not be limited to:

210 (A) Conservation and load management programs, including
211 programs that benefit low-income individuals; (B) research,
212 development and commercialization of products or processes which
213 are more energy-efficient than those generally available; (C)
214 development of markets for such products and processes; (D) support
215 for energy use assessment, real-time monitoring systems, engineering
216 studies and services related to new construction or major building
217 renovation; (E) the design, manufacture, commercialization and
218 purchase of energy-efficient appliances and heating, air conditioning
219 and lighting devices; (F) program planning and evaluation; (G) indoor
220 air quality programs relating to energy conservation; (H) joint fuel
221 conservation initiatives programs targeted at reducing consumption of
222 more than one fuel resource; and ~~[(H)]~~ (I) public education regarding
223 conservation. Such support may be by direct funding, manufacturers'
224 rebates, sale price and loan subsidies, leases and promotional and
225 educational activities. [Any other expenditure by the collaborative
226 shall be limited to] The plan shall also provide for expenditures by the
227 Energy Conservation Management Board for the retention of expert
228 consultants and reasonable administrative costs provided such
229 consultants shall not be employed by, or have any contractual
230 relationship with, an electric distribution company. Such costs shall
231 not exceed five per cent of the total revenue collected from the
232 assessment.

233 (e) Notwithstanding the provisions of subsections (a) to (d),
234 inclusive, of this section, the Department of Public Utility Control shall
235 authorize the disbursement of a total of one million dollars in each
236 month, commencing with July, 2003, and ending with July, 2005, from
237 the Energy Conservation and Load Management Funds established
238 pursuant to said subsections. The amount disbursed from each Energy
239 Conservation and Load Management Fund shall be proportionately
240 based on the receipts received by each fund. Such disbursements shall
241 be deposited in the General Fund.

242 (f) No later than December 31, 2006, and no later than December

243 thirty-first every five years thereafter, the Energy Conservation
 244 Management Board shall, after consulting with the Renewable Energy
 245 Investments Advisory Committee, conduct an evaluation of the
 246 performance of the programs and activities of the fund and submit a
 247 report, in accordance with the provisions of section 11-4a, of the
 248 evaluation to the joint standing committee of the General Assembly
 249 having cognizance of matters relating to energy.

250 Sec. 6. Section 16-245n of the general statutes is repealed and the
 251 following is substituted in lieu thereof (*Effective from passage*):

252 (a) For purposes of this section, "renewable energy" means solar
 253 energy, wind, ocean thermal energy, wave or tidal energy, fuel cells,
 254 landfill gas, hydrogen production and hydrogen conversion
 255 technologies, [and] low emission advanced biomass conversion
 256 technologies, usable electricity from combined heat and power systems
 257 with waste heat recovery systems, thermal storage systems and other
 258 energy resources and emerging technologies which have significant
 259 potential for commercialization and which do not involve the
 260 combustion of coal, petroleum or petroleum products, municipal solid
 261 waste or nuclear fission.

262 (b) On and after [January 1, 2000] July 1, 2004, the Department of
 263 Public Utility Control shall assess or cause to be assessed a charge of
 264 not less than [one-half of] one mill per kilowatt hour charged to each
 265 end use customer of electric services in this state which shall be
 266 deposited into the Renewable Energy Investment Fund established
 267 under subsection (c) of this section. [On and after July 1, 2002, such
 268 charge shall be three-quarters of one mill and on and after July 1, 2004,
 269 such charge shall be one mill.] Notwithstanding the provisions of this
 270 section, receipts from such charges shall be disbursed to the resources
 271 of the General Fund during the period from July 1, 2003, to June 30,
 272 2005, unless the department shall, on or before October 30, 2003, issue
 273 a financing order for each affected distribution company in accordance
 274 with sections 16-245e to 16-245k, inclusive, to sustain funding of

275 renewable energy investment programs by substituting an equivalent
276 amount, as determined by the department in such financing order, of
277 proceeds of rate reduction bonds for disbursement to the resources of
278 the General Fund during the period from July 1, 2003, to June 30, 2005.
279 The department may authorize in such financing order the issuance of
280 rate reduction bonds that substitute for disbursement to the General
281 Fund for receipts of both charges under this subsection and subsection
282 (a) of section 16-245m, as amended by this act, and also may in its
283 discretion authorize the issuance of rate reduction bonds under this
284 subsection and subsection (a) of section 16-245m, as amended by this
285 act, that relate to more than one electric distribution company. The
286 department shall, in such financing order or other appropriate order,
287 offset any increase in the competitive transition assessment necessary
288 to pay principal, premium, if any, interest and expenses of the issuance
289 of such rate reduction bonds by making an equivalent reduction to the
290 charges imposed under this subsection, provided any failure to offset
291 all or any portion of such increase in the competitive transition
292 assessment shall not affect the need to implement the full amount of
293 such increase as required by this subsection and sections 16-245e to 16-
294 245k, inclusive. Such financing order shall also provide if the rate
295 reduction bonds are not issued, any unrecovered funds expended and
296 committed by the electric distribution companies for renewable
297 resource investment through deposits into the Renewable Energy
298 Investment Fund, provided such expenditures were approved by the
299 department following August 20, 2003, and prior to the date of
300 determination that the rate reduction bonds cannot be issued, shall be
301 recovered by the companies from their respective competitive
302 transition assessment or systems benefits charge except that such
303 expenditures shall not exceed one million dollars per month. All
304 receipts from the remaining charges imposed under this subsection,
305 after reduction of such charges to offset the increase in the competitive
306 transition assessment as provided in this subsection, shall be disbursed
307 to the Renewable Energy Investment Fund commencing as of July 1,
308 2003. Any increase in the competitive transition assessment or decrease

309 in the renewable energy investment component of an electric
310 distribution company's rates resulting from the issuance of or
311 obligations under rate reduction bonds shall be included as rate
312 adjustments on customer bills.

313 (c) There is hereby created a Renewable Energy Investment Fund
314 which shall be administered by Connecticut Innovations, Incorporated.
315 The fund may receive any amount required by law to be deposited
316 into the fund and may receive any federal funds as may become
317 available to the state for renewable energy investments. Connecticut
318 Innovations, Incorporated, may use any amount in said fund for
319 expenditures which promote investment in renewable energy sources
320 in accordance with a comprehensive plan developed by it to foster the
321 growth, development and commercialization of renewable energy
322 sources, related enterprises and stimulate demand for renewable
323 energy and deployment of renewable energy sources which serve end
324 use customers in this state. Such expenditures may include, but not be
325 limited to, grants, direct or equity investments, contracts or other
326 actions which support research, development, manufacture,
327 commercialization, deployment and installation of renewable energy
328 technologies, and actions which expand the expertise of individuals,
329 businesses and lending institutions with regard to renewable energy
330 technologies.

331 (d) The chairperson of the board of directors of Connecticut
332 Innovations, Incorporated, shall convene a Renewable Energy
333 Investments Advisory Committee to assist Connecticut Innovations,
334 Incorporated, in matters related to the Renewable Energy Investment
335 Fund, including, but not limited to, development of a comprehensive
336 plan and expenditure of funds. The advisory committee shall, in such
337 plan, give preference to projects that maximize the reduction of
338 federally mandated congestion charges. The plan shall be consistent
339 with the comprehensive energy plan approved by the Connecticut
340 Energy Advisory Board pursuant to section 16a-7a. The advisory
341 committee shall include not more than twelve individuals with

342 knowledge and experience in matters related to the purpose and
343 activities of said fund. The advisory committee shall consist of the
344 following members: (1) One person with expertise regarding
345 renewable energy resources appointed by the speaker of the House of
346 Representatives; (2) one person representing a state or regional
347 organization primarily concerned with environmental protection
348 appointed by the president pro tempore of the Senate; (3) one person
349 with experience in business or commercial investments appointed by
350 the majority leader of the House of Representatives; (4) one person
351 representing a state or regional organization primarily concerned with
352 environmental protection appointed by the majority leader of the
353 Senate; (5) one person with experience in business or commercial
354 investments appointed by the minority leader of the House of
355 Representatives; (6) one person with experience in business or
356 commercial investments appointed by the minority leader of the
357 Senate; (7) two state officials with experience in matters relating to
358 energy policy and one person with expertise regarding renewable
359 energy resources appointed by the Governor; and (8) three persons
360 with experience in business or commercial investments appointed by
361 the board of directors of Connecticut Innovations, Incorporated. The
362 advisory committee shall issue annually a report to such chairperson
363 reviewing the activities of the fund in detail and shall provide a copy
364 of such report, in accordance with the provisions of section 11-4a, to
365 the joint standing committee of the General Assembly having
366 cognizance of matters relating to energy, the Department of Public
367 Utility Control and the Office of Consumer Counsel. The report shall
368 include a description of the programs and activities undertaken during
369 the reporting period jointly or in collaboration with the Energy
370 Conservation and Load Management Funds established pursuant to
371 section 16-245m, as amended by this act.

372 (e) There shall be a joint committee of the Energy Conservation
373 Management Board and the Renewable Energy Investments Advisory
374 Committee, as provided in subdivision (2) of subsection (d) of section
375 16-245m, as amended by this act.

376 (f) No later than December 31, 2006, and no later than December
 377 thirty-first every five years thereafter, the advisory committee shall,
 378 after consulting with the Energy Conservation Management Board,
 379 conduct an evaluation of the performance of the programs and
 380 activities of the fund and submit a report, in accordance with the
 381 provisions of section 11-4a, of the evaluation to the joint standing
 382 committee of the General Assembly having cognizance of matters
 383 relating to energy.

384 Sec. 7. Subsection (a) of section 16-245d of the general statutes is
 385 repealed and the following is substituted in lieu thereof (*Effective July*
 386 *1, 2005*):

387 (a) The Department of Public Utility Control shall, by regulations
 388 adopted pursuant to chapter 54, develop a standard billing format that
 389 enables customers to compare pricing policies and charges among
 390 electric suppliers. Not later than January 1, [2005] 2006, the department
 391 shall adopt regulations, in accordance with the provisions of chapter
 392 54, to provide that an electric supplier may provide direct billing and
 393 collection services for electric generation services and related federally
 394 mandated congestion [costs] charges that such supplier provides to its
 395 customers that [use a demand meter or] have a maximum demand of
 396 not less than [five] one hundred kilowatts and that choose to receive a
 397 bill directly from such supplier. An electric company, electric
 398 distribution company or electric supplier that provides direct billing of
 399 the electric generation service component and related federally
 400 mandated congestion [costs] charges, as the case may be, shall, in
 401 accordance with the billing format developed by the department,
 402 include the following information in each customer's bill, as
 403 appropriate: (1) The total amount owed by the customer, which shall
 404 be itemized to show, (A) the electric generation services component
 405 and any additional charges imposed by the electric supplier, if
 406 applicable, (B) the electric transmission and distribution charge,
 407 including all applicable taxes and the systems benefits charge, as
 408 provided in section 16-245l, as amended by this act, (C) the competitive

409 transition assessment, as provided in section 16-245g, (D) federally
 410 mandated congestion [costs] charges, and (E) the conservation and
 411 renewable energy charge, consisting of the conservation and load
 412 management program charge, as provided in section 16-245m, as
 413 amended by this act, and the renewable energy investment charge, as
 414 provided in section 16-245n, as amended by this act; (2) any unpaid
 415 amounts from previous bills which shall be listed separately from
 416 current charges; (3) except for customers subject to a demand charge,
 417 the rate and usage for the current month and each of the previous
 418 twelve months in the form of a bar graph or other visual form; (4) the
 419 payment due date; (5) the interest rate applicable to any unpaid
 420 amount; (6) the toll-free telephone number of the electric distribution
 421 company to report power losses; (7) the toll-free telephone number of
 422 the Department of Public Utility Control for questions or complaints;
 423 (8) the toll-free telephone number and address of the electric supplier;
 424 and (9) a statement about the availability of information concerning
 425 electric suppliers pursuant to section 16-245p.

426 Sec. 8. (NEW) (*Effective from passage*) (a) The Department of Public
 427 Utility Control shall, not later than January 1, 2006, establish a program
 428 to grant awards to retail end use customers of electric distribution
 429 companies to fund the capital costs of obtaining projects of customer-
 430 side distributed resources, as defined in section 16-1 of the general
 431 statutes, as amended by this act. Any project shall receive a one-time,
 432 nonrecurring award in an amount of not less than two hundred dollars
 433 and not more than five hundred dollars per kilowatt of capacity for
 434 such customer-side distributed resources, recoverable from federally
 435 mandated congestion charges, as defined in section 16-1 of the general
 436 statutes, as amended by this act. No such award may be made unless
 437 the projected reduction in federally mandated congestion charges
 438 attributed to the project for such distributed resources is greater than
 439 the amount of the award. The amount of an award shall depend on the
 440 impact that the customer-side distributed resources project has on
 441 reducing federally mandated congestion charges, as defined in section
 442 16-1 of the general statutes, as amended by this act. Not later than

443 October 1, 2005, the department shall conduct a contested case
444 proceeding, in accordance with chapter 54 of the general statutes, to
445 establish additional standards for the amount of such awards and
446 additional criteria and the process for making such awards.

447 (b) The Department of Public Utility Control shall, not later than
448 January 1, 2006, establish a program to grant to an electric distribution
449 company a one-time, nonrecurring award to educate, assist and
450 promote investments in customer-side distributed resources
451 developed in such company's service territory, which resources the
452 department determines will reduce federally mandated congestion
453 charges, in accordance with the following: (1) On or before January 1,
454 2008, two hundred dollars per kilowatt of such resources, (2) on or
455 before January 1, 2009, one hundred fifty dollars per kilowatt of such
456 resources, (3) on or before January 1, 2010, one hundred dollars per
457 kilowatt of such resources, and (4) fifty dollars per kilowatt of such
458 resources thereafter. Payment of the award shall be made at the time
459 each such resource becomes operational. The cost of the award shall be
460 recoverable from federally mandated congestion charges. Revenues
461 from such awards shall not be included in calculating the electric
462 distribution company's earnings for the purpose of determining
463 whether its rates are just and reasonable under sections 16-19, 16-19a
464 and 16-19e of the general statutes.

465 Sec. 9. (NEW) (*Effective from passage*) (a) Not later than January 1,
466 2006, the Department of Public Utility Control shall select, pursuant to
467 a competitive bid process, one or more persons to provide long-term
468 financing for customer-side distributed resources, as defined in section
469 16-1 of the general statutes, as amended by this act, and advanced
470 power monitoring and metering equipment purchased or leased by
471 customers of electric distribution companies. Such person may not be
472 an electric distribution company, as defined in said section 16-1, but
473 may be a generation affiliate of such company. The department may
474 retain a consultant to assist it in selecting such person or persons.

475 (b) A successful bidder pursuant to this section shall give preference
476 for such long-term financing to projects of customer-side distributed
477 resources and monitoring and metering equipment that maximize the
478 reduction of the federally mandated congestion charges. Costs eligible
479 for such financing shall include, but not be limited to, the capital costs
480 of projects of customer-side distributed resources and advanced power
481 monitoring and metering equipment. For financing provided by a
482 successful bidder pursuant to this section, the department shall
483 implement a buydown mechanism to reduce the effective annual
484 interest rate to the person receiving the financing to a level that is no
485 greater than the prime rate in effect on the date that the buydown
486 begins for the person receiving the financing.

487 (c) A person providing financing pursuant to this section shall, after
488 receiving approval from the department, enter into an agreement with
489 an electric distribution company, as defined in section 16-1 of the
490 general statutes, as amended by this act, for such company to provide
491 billing services with respect to the payments due to the financing
492 entity from the person receiving financing. The electric distribution
493 company, as defined in said section 16-1, shall recover all reasonable
494 costs incurred in implementing this section, including costs associated
495 with the buydown pursuant to subsection (b) of this section, as
496 federally mandated congestion charges, as defined in section 16-1 of
497 the general statutes, as amended by this act.

498 Sec. 10. (NEW) (*Effective from passage*) Not later than January 1, 2007,
499 and annually thereafter, the Department of Public Utility Control shall
500 assess the number and types of customer-side and grid-side
501 distributed resources, as defined in section 16-1 of the general statutes,
502 as amended by this act, projects financed pursuant to the provisions of
503 this act and such projects' contributions to achieving fuel diversity,
504 transmission support, and energy independence in the state. Not later
505 than January 1, 2007, and biennially thereafter, the department shall
506 collect the information in such annual assessments and report, in
507 accordance with the provisions of section 11-4a of the general statutes,

508 on the effectiveness of the award program established in section 8 of
509 this act and on its findings to the joint standing committee of the
510 General Assembly having cognizance of matters relating to energy.

511 Sec. 11. (NEW) (*Effective from passage*) On or before January 1, 2006,
512 each electric distribution company shall institute a program to rebate
513 to its customers with projects that use natural gas, which projects are
514 customer-side distributed resources, as defined in section 16-1 of the
515 general statutes, as amended by this act, an amount equivalent to the
516 customer's retail delivery charge for transporting natural gas from the
517 customer's local gas company to such customer's project of customer-
518 side distributed resources. Costs of such a rebate shall be recoverable
519 by the electric distribution company from the federally mandated
520 congestion charges, as defined in section 16-1 of the general statutes, as
521 amended by this act. The department may adopt regulations, in
522 accordance with chapter 54 of the general statutes, to implement the
523 provisions of this section.

524 Sec. 12. (NEW) (*Effective from passage*) (a) The Department of Public
525 Utility Control shall, on or before November 1, 2005, identify those
526 measures that can reduce federally mandated congestion charges, as
527 defined in section 16-1 of the general statutes, as amended by this act,
528 and that can be implemented, in whole or in part, on or before January
529 1, 2006. Such measures may include, but shall not be limited to,
530 demand response programs, other distributed resources, and contracts
531 between an electric distribution company, as defined in said section 16-
532 1, and an owner of generation resources for the capacity of such
533 resources. The department shall order each electric distribution
534 company to implement, in whole or in part, on or before January 1,
535 2006, such measures as the department considers appropriate. The
536 company's costs associated with complying with the provisions of this
537 section shall be recoverable through federally mandated congestion
538 charges.

539 (b) The department shall conduct a contested case, in accordance

540 with chapter 54 of the general statutes, to establish the principles and
541 standards to be used in developing and issuing a request for proposals
542 under this section. The department shall complete such contested case
543 on or before January 1, 2006.

544 (c) On or before February 1, 2006, the department shall conduct a
545 proceeding to develop and issue a request for proposals to solicit the
546 development of long-term projects designed to reduce federally
547 mandated congestion charges for the period commencing on May 1,
548 2006, and ending on December 31, 2010, or such later date specified by
549 the department. For purposes of this section, projects shall include (1)
550 customer-side distributed resources, (2) grid-side distributed
551 resources, (3) new generation facilities, including expanded or
552 repowered generation, and (4) contracts for a term of no more than
553 fifteen years between a person and an electric distribution company for
554 the purchase of electric capacity rights. Such request for proposals
555 shall encourage responses from a variety of resource types and
556 encourage diversity in the fuel mix used in generation. An electric
557 distribution company may submit proposals pursuant to this
558 subsection on the same basis as other respondents to the solicitation. A
559 proposal submitted by an electric distribution company shall include
560 its full projected costs such that any project costs recovered from or
561 defrayed by ratepayers are included in the projected costs. An electric
562 distribution company submitting a bid under this subsection shall
563 demonstrate to the satisfaction of the department that its bid is not
564 supported in any form of cross subsidization by affiliated entities. If
565 such electric distribution company's proposal is approved pursuant to
566 subsection (g) of this section, the costs and revenues of such proposal
567 shall not be included in calculating such company's earning for
568 purposes of, or in determining whether its rates are just and reasonable
569 under sections 16-19, 16-19a and 16-19e of the general statutes. Electric
570 distribution companies may under no circumstances recover more
571 than the full costs identified in the proposals, as approved under
572 subsection (g) of this section and consistent with subsection (h) of this
573 section. Affiliates of the electric distribution company may submit

574 proposals consistent with section 16-244h of the general statutes,
575 regulations adopted under said section 16-244h and other
576 requirements the department may impose. The department may
577 request from a person submitting a proposal further information, that
578 the department determines to be in the public interest, to be used in
579 evaluating the proposal. The department shall determine whether
580 costs associated with subsection (l) shall be considered in the
581 evaluation or selection of bids.

582 (d) The department shall publish such request for proposals in one
583 or more newspapers or periodicals, as selected by the department, and
584 shall post such request for proposals on its web site. The department
585 may retain the services of a third-party entity with expertise in the area
586 of energy procurement to oversee the development of the request for
587 proposals and to assist the department in its approval of proposals
588 pursuant to this section. The reasonable and proper expenses for
589 retaining such third-party entity shall be recoverable through federally
590 mandated congestion charges, as defined in section 16-1 of the general
591 statutes, as amended by this act, which charges the department shall
592 allocate to electric distribution companies in proportion to their
593 revenue.

594 (e) Any person, other than an electric distribution company,
595 submitting a proposal pursuant to subdivision (2), (3) or (4) of
596 subsection (c) of this section shall include with its proposal a draft of a
597 contract that includes the transfer to the electric distribution company
598 of all the rights to the installed capacity, including, but not limited to,
599 forward reserve capacity, locational forward reserve capacity and
600 similar rights associated with such proposal, provided such rights shall
601 not include energy. No such draft of a contract shall have a term
602 exceeding fifteen years. Such draft contract shall include such
603 provisions as the Department of Public Utility Control directs.

604 (f) Each person submitting a proposal pursuant to this section shall
605 agree to forgo or credit reliability must run payments, locational

606 installed capacity payments or payments for similar purposes for any
607 project approved pursuant to subsection (g) of this section.

608 (g) The department shall, on or before May 1, 2006, evaluate such
609 proposals received pursuant to subsection (c) of this section and may
610 approve one or more of such proposals. The department shall give
611 preference to proposals that (1) result in the greatest aggregate
612 reduction of federally mandated congestion charges for the period
613 commencing on May 1, 2006, and ending on December 31, 2010, or
614 such later date specified by the department, (2) make efficient use of
615 existing sites and supply infrastructure, and (3) serve the long-term
616 interests of ratepayers. Projects proposed by persons other than electric
617 distribution companies approved pursuant to this subsection may
618 enter into long-term contracts pursuant to subsection (i) of this section.
619 Projects approved pursuant to this subsection are eligible for expedited
620 siting pursuant to subsection (a) of section 16-50k of the general
621 statutes, as amended by this act. Customer-side distributed resource
622 projects approved pursuant to this subsection shall be eligible for the
623 incentives provided pursuant to sections 9, 11 and 14 of this act and
624 this section, but shall not be eligible for the programs described in
625 section 8 of this act.

626 (h) If a proposal from an electric distribution company is approved
627 pursuant to subsection (g) of this section, such company may develop,
628 own and operate such resource, provided such company shall, not
629 later than five years after such resource begins commercial operation,
630 (1) sell such resource in accordance with section 16-43 of the general
631 statutes, or (2) auction the power or capacity, or both, associated with
632 such resource pursuant to a plan approved by the department. The
633 department shall, after notice and hearing, waive the requirements of
634 subdivisions (1) and (2) of this subsection if it determines that
635 compliance with such requirements would be detrimental to retail
636 customers. Such electric distribution company shall recover, as
637 federally mandated congestion charges, the unrecovered portions of
638 the full projected costs in its proposal made under subsection (c) of this

639 section.

640 (i) An electric distribution company shall negotiate in good faith the
641 final terms of the draft contract, submitted under subsection (e) of this
642 section and included in a proposal approved under subsection (g) of
643 this section, and shall apply to the department for approval of each
644 such contract. After thirty days, either party may request the assistance
645 of the department to resolve any outstanding issues. No such contract
646 may become effective without approval of the department. The
647 department shall hold a hearing that shall be conducted as a contested
648 case, in accordance with the provisions of chapter 54 of the general
649 statutes, to approve, reject or modify an application for approval of a
650 capacity purchase contract. No contract shall be approved unless the
651 department finds that approval of such contract would (1) result in the
652 lowest reasonable cost of such products and services, (2) increase
653 reliability, and (3) minimize federally mandated congestion charges to
654 the state over the life of the contract. Such a contract shall contain
655 terms that mitigate the long-term risk assumed by ratepayers. No
656 contract approved by the department shall have a term exceeding
657 fifteen years. As determined by the department, the electric
658 distribution company shall either sell into the capacity markets all or a
659 portion of capacity rights transferred pursuant to this section and use
660 all proceeds from such sales to offset federally mandated congestion
661 charges incurred by all customers, or shall retain such capacity rights
662 to offset electric capacity charges associated with transitional standard
663 offer, standard service or service as supplier of last resort under section
664 16-244c of the general statutes, as amended by this act. The costs
665 associated with long-term electric capacity contracts shall be recovered
666 through federally mandated congestion charges.

667 (j) The provisions of section 16a-7c of the general statutes shall not
668 apply to projects approved pursuant to this section.

669 (k) The department may order an electric distribution company to
670 submit a proposal pursuant to the provisions of this section and may

671 approve such a proposal under this section. Nothing in sections 16-1,
672 16-19ss, 16-32f, 16-50i, 16-50k, 16-50x, 16-244c, 16-244e, 16-245d, 16-
673 245m and 16-245n of the general statutes, as amended by this act, and
674 sections 8 to 16, inclusive, and 20 and 21 of this act shall limit the
675 department's ability to conduct requests for proposals, in addition to
676 that in subsection (c) of this section, to reduce federally mandated
677 congestion charges and to approve such proposals or otherwise to
678 meet its responsibility under title 16 of the general statutes.

679 (l) The department shall hold a hearing that shall be conducted as a
680 contested case, in accordance with the provisions of chapter 54 of the
681 general statutes, to investigate any impact on the financial condition of
682 electric distribution companies of long-term contracts entered into
683 pursuant to this section and to establish, before issuing a request for
684 proposals in accordance with subsection (c) of this section, the
685 methodology for compensating the companies for such impacts. The
686 methodology for addressing such impacts shall be included in the
687 request for proposals under subsection (c) of this section, if
688 appropriate. If the department determines that entering into such
689 long-term contracts results in increased costs incurred by the electric
690 distribution companies, the department, annually, shall allow such
691 costs to be recovered through rates or in such manner as the
692 department considers appropriate. The department shall determine
693 whether such costs shall be considered in the evaluation or selection of
694 bids under this section.

695 (m) An electric distribution company may not submit a proposal
696 under this section on or after February 1, 2011. On or before January 1,
697 2010, the department shall submit a report, in accordance with section
698 11-4a of the general statutes, to the joint standing committee of the
699 General Assembly having cognizance of matters relating to energy
700 with a recommendation as to whether the period during which such
701 company may submit proposals under this section should be
702 extended.

703 (n) For purposes of subdivision (1) of subsection (c) of section 16-
704 50p of the general statutes, there shall be a rebuttable presumption that
705 there is a public benefit in building a facility, as defined in subdivision
706 (1) of subsection (a) of section 16-50i of the general statutes, as
707 amended by this act, that has been approved by the Department of
708 Public Utility Control pursuant to this section.

709 (o) The aggregate electric generating capacity for all approved
710 proposals by electric distribution companies pursuant to subsections
711 (g) and (k) of this section may not exceed two hundred fifty megawatts
712 of generating capacity state-wide. The department shall give guiding
713 preference in approving the amount of generation capacity in
714 proposals from electric distribution companies to the approximate
715 proportion of each company's service area load.

716 (p) When the department selects a bid pursuant to subdivisions (2)
717 and (3) of subsection (c) of this section from a person other than an
718 electric distribution company, the department shall grant the electric
719 distribution company that serves the area in which the subject grid-
720 side distributed resource or new generation facility is to be located a
721 one-time, nonrecurring award, for investments necessary to improve
722 the electric distribution company's transmission and distribution
723 system to accommodate such facilities, in accordance with the
724 following: For a grid-side distributed resource or new generation
725 facility that is operational (1) on or before January 1, 2010, twenty-five
726 dollars per kilowatt, (2) on or before January 1, 2011, fifteen dollars per
727 kilowatt, and (3) on or before January 1, 2012, five dollars per kilowatt.
728 The cost of the award shall be recoverable from federally mandated
729 congestion charges. No such award may be made unless the projected
730 reduction in federally mandated congestion charges attributed to the
731 investment is greater than the amount of the award. Revenues from
732 such award shall not be included in calculating the electric distribution
733 company's earnings for the purpose of determining whether its rates
734 are just and reasonable under sections 16-19, 16-19a and 16-19e of the
735 general statutes.

736 Sec. 13. (NEW) (*Effective from passage*) (a) Not later than October 1,
737 2005, each electric distribution company, as defined in section 16-1 of
738 the general statutes, as amended by this act, shall submit an
739 application to the Department of Public Utility Control to (1) on or
740 before January 1, 2007, implement mandatory peak, shoulder and off-
741 peak time of use rates for customers that have a maximum demand of
742 not less than three hundred fifty kilowatts, and (2) on or before June 1,
743 2006, offer optional interruptible or load response rates for customers
744 that have a maximum demand of not less than three hundred fifty
745 kilowatts and offer optional seasonal and time of use rates for all
746 customers. The application shall propose to establish time of use rates
747 through a procurement plan, revenue neutral adjustments to delivery
748 rates, or both.

749 (b) From March 1, 2006, until December 31, 2006, each electric
750 distribution company shall issue comparative analyses to customers
751 that have a maximum demand of not less than three hundred fifty
752 kilowatts that would demonstrate, at current levels of consumption,
753 the effects of the mandatory time of use rates as specified in
754 subdivision (l) of subsection (a) of this section to be effective beginning
755 January 1, 2007.

756 (c) Not later than November 1, 2005, each electric distribution
757 company shall submit an application to the Department of Public
758 Utility Control to implement mandatory seasonal rates for all
759 customers beginning April 1, 2007.

760 (d) From April 1, 2006, until March 31, 2007, each electric
761 distribution company shall issue comparative analyses to all customers
762 that demonstrate, at current levels of consumption, the effects of the
763 mandatory seasonal rates that will be effective beginning April 1, 2007.

764 (e) The department shall hold a hearing that shall be conducted as a
765 contested case, in accordance with the provisions of chapter 54 of the
766 general statutes, to approve, reject or modify applications submitted
767 pursuant to subsection (a) or (c) of this section. No application for time

768 of use rates shall be approved unless (1) such rates reasonably reflect
769 the cost of service during peak, shoulder, seasonal and off-peak
770 periods, and (2) the costs associated with implementation, the impact
771 on customers and benefits to the utility system justify implementation
772 of such rates, and (3) such rates alter patterns of customer
773 consumption of electricity without undue adverse effect on the
774 customer.

775 (f) Each electric distribution company shall assist customers to help
776 manage loads and reduce peak consumption through the
777 comprehensive plan developed pursuant to section 16-245m of the
778 general statutes, as amended by this act.

779 (g) The department shall conduct a contested case, in accordance
780 with chapter 54 of the general statutes, to determine the standards
781 under which, and process by which, a customer, having a maximum
782 demand of three hundred fifty kilowatts or more, may obtain an
783 exemption, until July 1, 2010, from mandatory time of use rates as
784 specified in subdivision (1) of subsection (a) of this section. The
785 department shall issue a decision in the contested case no later than
786 January 1, 2006.

787 Sec. 14. (NEW) (*Effective from passage*) (a) If a customer of an electric
788 distribution company implements customer-side distributed resource
789 capacity after January 1, 2006, and such capacity is less than the
790 customer's maximum metered peak load, the customer shall not be
791 required to pay back-up power rates if the customer's distributed
792 resources are available during system peak periods, provided the
793 customer shall continue to be required to pay otherwise applicable
794 charges for electricity provided by the electric distribution company.

795 (b) The costs that a customer is not required to pay pursuant to
796 subsection (a) of this section shall be recoverable through federally
797 mandated congestion charges by the electric distribution companies.

798 Sec. 15. (NEW) (*Effective from passage*) (a) An electric distribution

799 company may recover its costs and investments that have been
800 prudently incurred under the provisions of sections 16-1, 16-19ss, 16-
801 50k, 16-50x, 16-244c, 16-244e, 16-245d, 16-245m, and 16-245n, of the
802 general statutes, as amended by this act, and sections 8 to 16, inclusive,
803 and 20, 21 and 29 of this act. The Department of Public Utility Control
804 shall, after a hearing held pursuant to the provisions of chapter 54 of
805 the general statutes, determine the appropriate mechanism to obtain
806 cost recovery in a timely manner which mechanism may be one or
807 more of the following: (1) Approval of rates as provided in sections 16-
808 19 and 16-19e of the general statutes; (2) the energy adjustment clause
809 as provided in section 16-19b of the general statutes; or (3) the
810 federally mandated congestion charges, as defined in section 16-1 of
811 the general statutes, as amended by this act. If an electric distribution
812 company has, for six consecutive months, earned a return on equity
813 below the return authorized by the department, earnings of such
814 electric distribution companies that are adversely affected owing to
815 decreased energy use attributable to implementation of the provisions
816 of sections 16-1, 16-19ss, 16-50k, 16-50x, 16-244c, 16-244e, 16-245d, 16-
817 245m, and 16-245n, of the general statutes, as amended by this act, and
818 sections 8 to 16, inclusive, and 20, 21 and 29 of this act are recoverable
819 pursuant to the provisions of section 16-19kk of the general statutes.

820 (b) Electric distribution companies shall be authorized to earn an
821 incentive, as provided in section 16-19kk of the general statutes, for
822 costs prudently incurred by such companies pursuant to this section.

823 Sec. 16. (NEW) (*Effective from passage*) (a) On and after January 1,
824 2007, each electric distribution company providing standard service
825 pursuant to section 16-244c of the general statutes, as amended by this
826 act, and each electric supplier as defined in section 16-1 of the general
827 statutes, as amended by this act, shall demonstrate to the satisfaction of
828 the Department of Public Utility Control that not less than one per cent
829 of the total output of such supplier or such standard service of an
830 electric distribution company shall be obtained from Class III
831 resources. On and after January 1, 2008, not less than two per cent of

832 the total output of any such supplier or such standard service of an
833 electric distribution company shall, on demonstration satisfactory to
834 the Department of Public Utility Control, be obtained from Class III
835 resources. On or after January 1, 2009, not less than three per cent of
836 the total output of any such supplier or such standard service of an
837 electric distribution company shall, on demonstration satisfactory to
838 the Department of Public Utility Control, be obtained from Class III
839 resources. On and after January 1, 2010, not less than four per cent of
840 the total output of any such supplier or such standard service of an
841 electric distribution company shall, on demonstration satisfactory to
842 the Department of Public Utility Control, be obtained from Class III
843 resources. Electric power obtained from customer-side distributed
844 resources that does not meet air quality standards of the Department
845 of Environmental Protection is not eligible for purposes of meeting the
846 percentage standards in this section.

847 (b) Except as provided in subsection (d) of this section, the
848 Department of Public Utility Control shall assess each electric supplier
849 and each electric distribution company that fails to meet the
850 percentage standards of subsection (a) of this section a charge of up to
851 five and five-tenths cents for each kilowatt hour of electricity that such
852 supplier or company is deficient in meeting such percentage
853 standards. Seventy-five per cent of such assessed charges shall be
854 deposited in the Energy Conservation and Load Management Fund
855 established in section 16-245m of the general statutes, as amended by
856 this act, and twenty-five per cent shall be deposited in the Renewable
857 Energy Investment Fund established in section 16-245n of the general
858 statutes, as amended by this act, except that such seventy-five per cent
859 of assessed charges with respect to an electric supplier shall be divided
860 among the Energy Conservation and Load Management Funds of
861 electric distribution companies in proportion to the amount of
862 electricity such electric supplier provides to end use customers in the
863 state using the facilities of each electric distribution company.

864 (c) An electric supplier or electric distribution company may satisfy

865 the requirements of this section by participating in a conservation and
866 distributed resources trading program approved by the Department of
867 Public Utility Control. Credits created by conservation and customer-
868 side distributed resources shall be allocated to the person that
869 conserved the electricity or installed the project for customer-side
870 distributed resources to which the credit is attributable and to the
871 Energy Conservation and Load Management Fund. Such credits shall
872 be made in the following manner: A minimum of twenty-five per cent
873 of the credits shall be allocated to the person that conserved the
874 electricity or installed the project for customer-side distributed
875 resources to which the energy credit is attributable and the remainder
876 of the credits shall be allocated to the Energy Conservation and Load
877 Management Fund, based on a schedule created by the department no
878 later than January 1, 2007, and reviewed annually thereafter. The
879 department may, in a proceeding and for good cause shown, allocate a
880 larger proportion of such credits to the person who conserved the
881 electricity or installed the customer-side distributed resources. The
882 department shall consider the proportion of investment made by a
883 ratepayer through various ratepayer-funded incentive programs and
884 the resulting reduction in federally mandated congestion charges. The
885 portion allocated to the Energy Conservation and Load Management
886 Fund shall be used for measures that respond to energy demand and
887 for peak reduction programs.

888 (d) An electric distribution company providing standard service
889 may contract with its wholesale suppliers to comply with the
890 conservation and customer-side distributed resources standards set
891 forth in subsection (a) of this section. The Department of Public Utility
892 Control shall annually conduct a contested case, in accordance with the
893 provisions of chapter 54 of the general statutes, to determine whether
894 the electric distribution company's wholesale suppliers met the
895 conservation and distributed resources standards during the preceding
896 year. Any such contract shall include a provision that requires such
897 supplier to pay the electric distribution company in an amount of up to
898 five and one-half cents per kilowatt hour if the wholesale supplier fails

899 to comply with the conservation and distributed resources standards
900 during the subject annual period. The electric distribution company
901 shall immediately transfer seventy-five per cent of any payment
902 received from the wholesale supplier for the failure to meet the
903 conservation and distributed resources standards to the Energy
904 Conservation and Load Management Fund and twenty-five per cent to
905 the Renewable Energy Investment Fund. Any payment made pursuant
906 to this section shall not be considered revenue or income to the electric
907 distribution company.

908 (e) The Department of Public Utility Control shall conduct a
909 contested proceeding to develop the administrative processes and
910 program specifications that are necessary to implement a Class III
911 conservation and distributed resources trading program. The
912 proceeding shall include, but not be limited to, an examination of
913 issues such as (1) the manner in which qualifying activities are
914 certified, tracked and reported, (2) the manner in which Class III
915 certificates are created, accounted for and transferred, (3) the feasibility
916 and benefits of expanding eligible Class III resources to include those
917 resulting from electricity savings made by residential customers, (4)
918 verification of the accuracy of conservation and customer-side
919 distributed resources credits, (5) verification of the fact that resources
920 or credits used to satisfy the requirement of this section have not been
921 used to satisfy any other portfolio or similar requirement, (6) the
922 manner in which credits created by conservation and customer-side
923 distributed resources may best be allocated to maximize the impact of
924 the trading program, and (7) setting such alternative payment amounts
925 at a level that encourages development of conservation and customer-
926 side distributed resources. The department may retain the services of a
927 third party entity with expertise in the development of energy
928 efficiency trading or verification programs to assist in the development
929 and operation of the program. The department shall issue a decision
930 no later than February 1, 2006.

931 Sec. 17. (NEW) (*Effective from passage*) (a) Each municipal electric

932 utility created pursuant to chapter 101 of the general statutes or by
933 special act shall, for investment in renewable energy sources and for
934 conservation and load management programs pursuant to this section,
935 accrue from each kilowatt hour of its metered firm electric retail sales,
936 exclusive of such sales to United States government naval facilities in
937 this state, no less than the following amounts during the following
938 periods, in a manner conforming to the requirement of this section: (1)
939 1.0 mills on and after January 1, 2006; (2) 1.3 mills on and after January
940 1, 2007; (3) 1.6 mills on and after January 1, 2008; (4) 1.9 mills on and
941 after January 1, 2009; (5) 2.2 mills on and after January 1, 2010; and (6)
942 2.5 mills on and after January 1, 2011.

943 (b) There is hereby created a Municipal Energy Conservation and
944 Load Management Fund in each municipal electric energy cooperative
945 created pursuant to chapter 101a of the general statutes, which fund
946 shall be a separate and dedicated fund to be held and administered by
947 such cooperative. Each municipal electric utility created pursuant to
948 chapter 101 of the general statutes or by special act that is a member or
949 participant in such a municipal electric energy cooperative shall accrue
950 and deposit such amounts as specified in subsection (a) of this section
951 into such fund. Any balance remaining in the fund at the end of any
952 fiscal year shall be carried forward in the fiscal year next succeeding.
953 Disbursements from the fund shall be made pursuant to the
954 comprehensive electric conservation and load management plan
955 prepared by the cooperative in accordance with subsection (c) of this
956 section.

957 (c) Such cooperative shall, annually, adopt a comprehensive plan for
958 the expenditure of such funds by the cooperative on behalf of such
959 municipal electric utilities for the purpose of carrying out electric
960 conservation, investments in renewable energy sources, energy
961 efficiency and electric load management programs funded by the
962 charge accrued pursuant to subsection (a) of this section. The
963 cooperative shall expend or cause to be expended the amounts held in
964 such fund in conformity with the adopted plan. The plan may direct

965 the expenditure of funds on facilities or measures located in any one or
966 more of the service areas of the municipal electric utilities who are
967 members or participants in such cooperative and may provide for the
968 establishment of goals and standards for measuring the cost
969 effectiveness of expenditures made from such fund, for the
970 minimization of federally mandated congestion charges and for
971 achieving appropriate geographic coverage and scope in each such
972 service area. Such plan shall be consistent with the comprehensive
973 plan of the Energy Conservation Management Board established under
974 section 16-245m of the general statutes, as amended by this act. Such
975 cooperative, annually, shall submit its plan to such board for review.

976 Sec. 18. Subsection (a) of section 16-50k of the general statutes is
977 repealed and the following is substituted in lieu thereof (*Effective from*
978 *passage*):

979 (a) Except as provided in subsection (b) of section 16-50z, no person
980 shall exercise any right of eminent domain in contemplation of,
981 commence the preparation of the site for, or commence the
982 construction or supplying of a facility, or commence any modification
983 of a facility, that may, as determined by the council, have a substantial
984 adverse environmental effect in the state without having first obtained
985 a certificate of environmental compatibility and public need,
986 hereinafter referred to as a "certificate", issued with respect to such
987 facility or modification by the council, except fuel cells with a
988 generating capacity of ten kilowatts or less which shall not require
989 such certificate. Any facility with respect to which a certificate is
990 required shall thereafter be built, maintained and operated in
991 conformity with such certificate and any terms, limitations or
992 conditions contained therein. Notwithstanding the provisions of this
993 chapter or title 16a, the council shall, in the exercise of its jurisdiction
994 over the siting of generating facilities, approve by declaratory ruling
995 (1) the construction of a facility solely for the purpose of generating
996 electricity, other than an electric generating facility that uses nuclear
997 materials or coal as fuel, at a site where an electric generating facility

operated prior to July 1, [1998] 2004, (2) the construction or location of any fuel cell, unless the council finds a substantial adverse environmental effect, or of any customer-side distributed resources project or facility or grid-side distributed resources project or facility with a capacity of not more than sixty-five megawatts, so long as such project meets air quality standards of the Department of Environmental Protection, and (3) the siting of temporary generation solicited by the Department of Public Utility Control pursuant to section 16-19ss, as amended by this act.

Sec. 19. (NEW) (*Effective from passage*) The provisions of sections 16-1, 16-19ss, 16-32f, 16-50i, 16-50k, 16-50x, 16-244c, 16-244e, 16-245d, 16-245m and 16-245n of the general statutes, as amended by this act, and sections 8 to 17, inclusive, and 20, 21 and 29 of this act apply to customer-side distributed resources and grid-side distributed resources developed in this state that add electric capacity on and after January 1, 2006, and in accordance with the provisions of said sections 16-1, 16-19ss, 16-32f, 16-50i, 16-50k, 16-50x, 16-244c, 16-244e, 16-245d, 16-245m and 16-245n, and sections 8 to 17, inclusive, and 20, 21 and 29 of this act.

Sec. 20. (NEW) (*Effective from passage*) Not later than October 1, 2005, the Department of Public Utility Control and the Energy Conservation Management Board, established in section 16-245m of the general statutes, as amended by this act, shall establish links on their Internet web sites to the Energy Star program or successor program that promotes energy efficiency and each electric distribution company shall establish a link under its conservation programs on its Internet web site to the Energy Star program or such successor program.

Sec. 21. (NEW) (*Effective from passage*) The Department of Public Utility Control shall conduct an investigation on how best to decouple the earnings of natural gas companies and other public service companies from their sales to promote the state's energy policy. The department shall report, in accordance with the provisions of section

1030 11-4a of the general statutes, its findings and recommendations for
1031 legislation to the joint standing committee of the General Assembly
1032 having cognizance of matters relating to energy and technology on or
1033 before January 1, 2006.

1034 Sec. 22. Section 16-32f of the general statutes is repealed and the
1035 following is substituted in lieu thereof (*Effective July 1, 2005*):

1036 (a) On or before October first of each even-numbered year, a gas
1037 company, as defined in section 16-1, as amended by this act, shall
1038 furnish a report to the Department of Public Utility Control containing
1039 a five-year forecast of loads and resources. The report shall describe
1040 the facilities and supply sources that, in the judgment of such gas
1041 company, will be required to meet gas demands during the forecast
1042 period. The report shall be made available to the public and shall be
1043 furnished to the chief executive officer of each municipality in the
1044 service area of such gas company, the regional planning agency which
1045 encompasses each such municipality, the Attorney General, the
1046 president pro tempore of the Senate, the speaker of the House of
1047 Representatives, the joint standing committee of the General Assembly
1048 having cognizance of matters relating to public utilities, any other
1049 member of the General Assembly making a request to the department
1050 for the report and such other state and municipal entities as the
1051 department may designate by regulation. The report shall include: (1)
1052 A tabulation of estimated peak loads and resources for each year; (2)
1053 data on gas use and peak loads for the five preceding calendar years;
1054 (3) a list of present and projected gas supply sources; (4) specific
1055 measures to control load growth and promote conservation; and (5)
1056 such other information as the department may require by regulation. A
1057 full description of the methodology used to arrive at the forecast of
1058 loads and resources shall also be furnished to the department. The
1059 department shall hold a public hearing on such reports upon the
1060 request of any person. On or before August first of each odd-
1061 numbered year, the department may request a gas company to furnish
1062 to the department an updated report. A gas company shall furnish any

1063 such updated report not later than sixty days following the request of
1064 the department.

1065 (b) [A] Not later than October 1, 2005, and annually thereafter, a gas
1066 company, as defined in section 16-1, as amended by this act, shall
1067 submit to the Department of Public Utility Control a gas conservation
1068 plan, [along with the company's five-year forecast, as defined in
1069 subsection (a) of this section. The plan shall include: (1) Specific
1070 quantifiable conservation and load management targets; (2)
1071 conservation option descriptions, analyses and the methodology used
1072 to evaluate conservation options reviewed by such company; and (3)
1073 an estimation of conservation option costs and benefits, sufficiently
1074 detailed to allow the department to evaluate revenue requirements
1075 and other social and environmental costs and benefits, or such other
1076 components as the department may by order direct] in accordance
1077 with the provisions of this section, to implement cost-effective energy
1078 conservation programs and market transformation initiatives. All
1079 supply and conservation and load management options shall be
1080 evaluated and selected within an integrated supply and demand
1081 planning framework. [The department shall hold a public hearing on
1082 such plans in conjunction with the public hearing held pursuant to
1083 subsection (a) of this section. On or before August first of each odd-
1084 numbered year, the department may request a gas company to submit
1085 an updated plan to the department. A gas company shall furnish any
1086 such updated plan not later than sixty days following the request of
1087 the department.] The department shall, in an uncontested proceeding
1088 during which the department may hold a public hearing, approve,
1089 modify or reject the plan.

1090 (c) (1) The Energy Conservation Management Board, established
1091 pursuant to section 16-245m, as amended by this act, shall advise and
1092 assist each such gas company in the development and implementation
1093 of the plan submitted under subsection (b) of this section. Each
1094 program contained in the plan shall be reviewed by each such gas
1095 company and shall be either accepted, modified or rejected by the

1096 Energy Conservation Management Board before submission of the
1097 plan to the department for approval. The Energy Conservation
1098 Management Board shall, as part of its review, examine opportunities
1099 to offer joint programs providing similar efficiency measures that save
1100 more than one fuel resource or to otherwise coordinate programs
1101 targeted at saving more than one fuel resource. Any costs for joint
1102 programs shall be allocated equitably among the conservation
1103 programs.

1104 (2) Programs included in the plan shall be screened through cost-
1105 effectiveness testing that compares the value and payback period of
1106 program benefits to program costs to ensure that the programs are
1107 designed to obtain gas savings whose value is greater than the costs of
1108 the program. Program cost-effectiveness shall be reviewed annually by
1109 the department, or otherwise as is practicable. If the department
1110 determines that a program fails the cost-effectiveness test as part of the
1111 review process, the program shall either be modified to meet the test
1112 or shall be terminated. On or before January 1, 2007, and annually
1113 thereafter, the board shall provide a report, in accordance with the
1114 provisions of section 11-4a, to the joint standing committees of the
1115 General Assembly having cognizance of matters relating to energy and
1116 the environment, that documents expenditures and funding for such
1117 programs and evaluates the cost-effectiveness of such programs
1118 conducted in the preceding year, including any increased cost-
1119 effectiveness owing to offering programs that save more than one fuel
1120 resource.

1121 (3) Programs included in the plan may include, but are not limited
1122 to: (A) Conservation and load management programs, including
1123 programs that benefit low-income individuals; (B) research,
1124 development and commercialization of products or processes that are
1125 more energy-efficient than those generally available; (C) development
1126 of markets for such products and processes; (D) support for energy use
1127 assessment, engineering studies and services related to new
1128 construction or major building renovations; (E) the design,

1129 manufacture, commercialization and purchase of energy-efficient
 1130 appliances, air conditioning and heating devices; (F) program planning
 1131 and evaluation; (G) joint fuel conservation initiatives and programs
 1132 targeted at saving more than one fuel resource; and (H) public
 1133 education regarding conservation. Such support may be by direct
 1134 funding, manufacturers' rebates, sale price and loan subsidies, leases
 1135 and promotional and educational activities. The plan shall also provide
 1136 for expenditures by the Energy Conservation Management Board for
 1137 the retention of expert consultants and reasonable administrative costs,
 1138 provided such consultants shall not be employed by, or have any
 1139 contractual relationship with, a gas company. Such costs shall not
 1140 exceed five per cent of the total cost of the plan.

1141 (d) Nothing in this section shall be construed to require the
 1142 Department of Public Utility Control to establish a conservation charge
 1143 to support the programs in this section.

1144 Sec. 23. Subsection (a) of section 16-50x of the general statutes is
 1145 repealed and the following is substituted in lieu thereof (*Effective July*
 1146 *1, 2005*):

1147 (a) Notwithstanding any other provision of the general statutes to
 1148 the contrary, except as provided in section 16-243, the council shall
 1149 have exclusive jurisdiction over the location and type of facilities and
 1150 over the location and type of modifications of facilities subject to the
 1151 provisions of subsection (d) of this section. In ruling on applications
 1152 for certificates or petitions for a declaratory ruling for facilities and on
 1153 requests for shared use of facilities, the council shall give such
 1154 consideration to other state laws and municipal regulations as it shall
 1155 deem appropriate. Whenever the council certifies a facility pursuant to
 1156 this chapter, such certification shall satisfy and be in lieu of all
 1157 certifications, approvals and other requirements of state and municipal
 1158 agencies in regard to any questions of public need, convenience and
 1159 necessity for such facility.

1160 Sec. 24. Subsection (a) of section 16-50i of the general statutes is

1161 repealed and the following is substituted in lieu thereof (*Effective from*
1162 *passage*):

1163 (a) "Facility" means: (1) An electric transmission line of a design
1164 capacity of sixty-nine kilovolts or more, including associated
1165 equipment but not including a transmission line tap, as defined in
1166 subsection (e) of this section; (2) a fuel transmission facility, except a
1167 gas transmission line having a design capability of less than two
1168 hundred pounds per square inch gauge pressure or having a design
1169 capacity of less than twenty per cent of its specified minimum yield
1170 strength; (3) any electric generating or storage facility using any fuel,
1171 including nuclear materials, including associated equipment for
1172 furnishing electricity but not including an emergency generating
1173 device, as defined in subsection (f) of this section or a facility (i) owned
1174 and operated by a private power producer, as defined in section
1175 16-243b, (ii) which is a qualifying small power production facility or a
1176 qualifying cogeneration facility under the Public Utility Regulatory
1177 Policies Act of 1978, as amended, or a facility determined by the
1178 council to be primarily for a producer's own use, and (iii) which has, in
1179 the case of a facility utilizing renewable energy sources, a generating
1180 capacity of one megawatt of electricity or less and, in the case of a
1181 facility utilizing cogeneration technology, a generating capacity of
1182 twenty-five megawatts of electricity or less; (4) any electric substation
1183 or switchyard designed to change or regulate the voltage of electricity
1184 at sixty-nine kilovolts or more or to connect two or more electric
1185 circuits at such voltage, which substation or switchyard may have a
1186 substantial adverse environmental effect, as determined by the council
1187 established under section 16-50j, and other facilities which may have a
1188 substantial adverse environmental effect as the council may, by
1189 regulation, prescribe; (5) such community antenna television towers
1190 and head-end structures, including associated equipment, which may
1191 have a substantial adverse environmental effect, as said council shall,
1192 by regulation, prescribe; (6) such telecommunication towers, including
1193 associated telecommunications equipment, owned or operated by the
1194 state, a public service company or a certified telecommunications

1195 provider or used in a cellular system, as defined in the Code of Federal
1196 Regulations Title 47, Part 22, as amended, which may have a
1197 substantial adverse environmental effect, as said council shall, by
1198 regulation, prescribe; and (7) any component of a proposal submitted
1199 pursuant to the request-for-proposal process.

1200 Sec. 25. Subparagraph (D) of subdivision (2) of subsection (b) of
1201 section 16-244c of the general statutes is repealed and the following is
1202 substituted in lieu thereof (*Effective July 1, 2005*):

1203 (D) The transitional standard offer (i) shall be adjusted to the extent
1204 of any increase or decrease in state taxes attributable to sections 12-264
1205 and 12-265 and any other increase or decrease in state or federal taxes
1206 resulting from a change in state or federal law, (ii) shall be adjusted to
1207 provide for the cost of contracts under subdivision (2) of subsection (j)
1208 of this section, as amended by this act, and the administrative costs for
1209 the procurement of such contracts, and (iii) shall continue to be
1210 adjusted during such period pursuant to section 16-19b. Savings
1211 attributable to a reduction in taxes shall not be shifted between
1212 customer classes. Notwithstanding the provisions of section 16-19b, the
1213 provisions of section 16-19b shall apply to electric distribution
1214 companies.

1215 Sec. 26. Subsection (j) of section 16-244c of the general statutes is
1216 repealed and the following is substituted in lieu thereof (*Effective*
1217 *October 1, 2005*):

1218 (j) (1) Notwithstanding the provisions of subsection (d) of this
1219 section regarding an alternative transitional standard offer option or
1220 an alternative standard service option, an electric distribution
1221 company providing transitional standard offer service, standard
1222 service, supplier of last resort service or back-up electric generation
1223 service in accordance with this section shall contract with its wholesale
1224 suppliers to comply with the renewable portfolio standards. The
1225 Department of Public Utility Control shall annually conduct a
1226 contested case, in accordance with the provisions of chapter 54, in

1227 order to determine whether the electric distribution company's
1228 wholesale suppliers met the renewable portfolio standards during the
1229 preceding year. An electric distribution company shall include a
1230 provision in its contract with each wholesale supplier that requires the
1231 wholesale supplier to pay the electric distribution company an amount
1232 of five and one-half cents per kilowatt hour if the wholesale supplier
1233 fails to comply with the renewable portfolio standards during the
1234 subject annual period. The electric distribution company shall
1235 promptly transfer any payment received from the wholesale supplier
1236 for the failure to meet the renewable portfolio standards to the
1237 Renewable Energy Investment Fund for the development of Class I
1238 renewable energy sources. Any payment made pursuant to this section
1239 shall not be considered revenue or income to the electric distribution
1240 company.

1241 (2) Notwithstanding the provisions of subsection (d) of this section
1242 regarding an alternative transitional standard offer option or an
1243 alternative standard service option, an electric distribution company
1244 providing transitional standard offer service, standard service,
1245 supplier of last resort service or back-up electric generation service in
1246 accordance with this section shall, not later than July 1, [2007] 2008, file
1247 with the Department of Public Utility Control for its approval one or
1248 more long-term power purchase contracts from Class I renewable
1249 energy source projects that receive funding from the Renewable
1250 Energy Investment Fund and that are not less than one megawatt in
1251 size, at a price that is either, at the determination of the project owner,
1252 (1) not more than the total of the comparable wholesale market price
1253 for generation plus five and one-half cents per kilowatt hour, or (2)
1254 fifty per cent of the wholesale market electricity cost at the point at
1255 which transmission lines intersect with each other or interface with the
1256 distribution system, plus the project cost of fuel indexed to natural gas
1257 futures contracts on the New York Mercantile Exchange at the natural
1258 gas pipeline interchange located in Vermillion Parish, Louisiana that
1259 serves as the delivery point for such futures contracts, plus the fuel
1260 delivery charge for transporting fuel to the project, plus five and one-

1261 half cents per kilowatt hour. In its approval of such contracts, the
1262 department shall give preference to purchase contracts from those
1263 projects that would provide a financial benefit to ratepayers or would
1264 enhance the reliability of the electric transmission system of the state.
1265 Such projects shall be located in this state. The owner of a fuel cell
1266 project principally manufactured in this state shall be allocated all
1267 available air emissions credits and tax credits attributable to the project
1268 and no less than fifty per cent of the energy credits in the Class I
1269 renewable energy credits program established in section 16-245a
1270 attributable to the project. Such contracts shall be comprised of not less
1271 than a total, apportioned among each electric distribution company, of
1272 one hundred megawatts. The cost of such contracts and the
1273 administrative costs for the procurement of such contracts directly
1274 incurred shall be eligible for inclusion in the [generation services
1275 charge component of rates] adjustment to the transitional standard
1276 offer as provided in this section and any subsequent rates for standard
1277 service, provided [that] such contracts are for a period of time
1278 sufficient to provide financing for such projects, but not less than ten
1279 years and are for projects which began operation on or after July 1,
1280 2003. [The] Except as provided in this subdivision, the amount from
1281 Class I renewable energy sources contracted under such contracts shall
1282 be applied to reduce the applicable Class I renewable energy source
1283 portfolio standards. For purposes of this subdivision, the department's
1284 determination of the comparable wholesale market price for
1285 generation shall be based upon a reasonable estimate.

1286 Sec. 27. (*Effective from passage*) The Department of Public Utility
1287 Control shall, not later than October 1, 2005, conduct a study to (1)
1288 determine a reasonable amount of compensation for each electric
1289 distribution company for providing standard service pursuant to
1290 section 16-244c of the general statutes, as amended by this act, and (2)
1291 determine whether each distribution company should receive
1292 compensation for providing service as the supplier of last resort
1293 pursuant to section 16-244c of the general statutes. In making its
1294 recommendation, the department shall consider the costs the

1295 companies will incur in providing such services, the risks sustained by
1296 the companies in providing such services, the value to the companies'
1297 customers in providing such services, and the amount that a private
1298 third-party entity would seek as compensation for procuring contracts
1299 for such services. Not later than February 1, 2006, the department shall
1300 report its recommendation pursuant to this section to the joint
1301 standing committee of the General Assembly having cognizance of
1302 matters relating to energy.

1303 Sec. 28. Section 16-245p of the general statutes is repealed and the
1304 following is substituted in lieu thereof (*Effective October 1, 2005*):

1305 (a) An electric supplier and an electric distribution company
1306 providing standard service or back-up electric generation service,
1307 pursuant to section 16-244c, shall submit information to the
1308 Department of Public Utility Control that the department, after
1309 consultation with the Consumer Education Advisory Council,
1310 established under section 16-244d, determines will assist customers in
1311 making informed decisions when choosing an electric supplier,
1312 including, but not limited to, the information provided in subsection
1313 (b) of this section. Each supplier or electric distribution company
1314 providing standard service or back-up electric generation service,
1315 pursuant to section 16-244c, shall, at such times as the department
1316 requires, but not less than annually, submit [, on] in a form prescribed
1317 by the department, [quarterly reports containing information on rates]
1318 information that the department must make available pursuant to
1319 subsection (b) of this section and any other information the department
1320 [deems] considers relevant. [, including, but not limited to, any change
1321 in the information as required by the department.] After the
1322 department has received the information required pursuant to this
1323 subsection, the supplier shall be eligible to receive customer marketing
1324 information from electric or electric distribution companies, as
1325 provided in section 16-245o.

1326 (b) The Department of Public Utility Control shall maintain and

1327 make available to customers upon request, a list of electric aggregators
1328 and the following information about each electric supplier and each
1329 electric distribution company providing standard service or back-up
1330 electric generation service, pursuant to section 16-244c: (1) Rates and
1331 charges; (2) applicable terms and conditions of a contract for electric
1332 generation services; (3) the percentage of the total electric output
1333 derived from each of the categories of energy sources provided in
1334 subsection (e) of section 16-244d, the total emission rates of nitrogen
1335 oxides, sulfur oxides, carbon dioxide, carbon monoxide, particulates,
1336 heavy metals and other wastes the disposal of which is regulated
1337 under state or federal law at the facilities operated by or under long-
1338 term contract to the electric supplier or providing electric generation
1339 services to an electric distribution company providing standard service
1340 or back-up electric generation service, pursuant to section 16-244c, and
1341 the analysis of the environmental characteristics of each such category
1342 of energy source prepared pursuant to subsection (e) of said section 16-
1343 244d and to the extent such information is unknown, the estimated
1344 percentage of the total electric output for which such information is
1345 unknown, along with the word "unknown" for that percentage; (4) a
1346 record of customer complaints and the disposition of each complaint;
1347 and (5) any other information the department determines will assist
1348 customers in making informed decisions when choosing an electric
1349 supplier. The department shall [update the information at least
1350 quarterly] make available to customers the information filed pursuant
1351 to subsection (a) of this section not later than thirty days after its
1352 receipt. The department shall put such information in a standard
1353 format so that a customer can readily understand and compare the
1354 services provided by each electric supplier.

1355 (c) Each electric supplier and electric distribution company shall
1356 disclose to customers, in a manner prescribed by the department and
1357 not less than annually, such information as the department considers
1358 relevant. The department may adopt regulations, in accordance with
1359 the provisions of chapter 54, to implement the provisions of this
1360 subsection.

1361 Sec. 29. Section 16-262i of the general statutes is repealed and the
1362 following is substituted in lieu thereof (*Effective October 1, 2005*):

1363 (a) The Department of Public Utility Control shall adopt regulations
1364 necessary to carry out the purposes of sections 16-262c to 16-262h,
1365 inclusive.

1366 (b) The department may adopt regulations in accordance with the
1367 provisions of chapter 54, setting forth the terms and conditions under
1368 which electric, electric distribution, gas, telephone and water
1369 companies, electric suppliers, certified telecommunications providers
1370 and municipal utilities furnishing electric, gas or water service may be
1371 prohibited from terminating service to a residential dwelling on
1372 account of nonpayment of a delinquent account in the name of the
1373 former spouse or spouse of the individual who occupies the dwelling,
1374 if the marriage of such individuals has been dissolved or annulled or
1375 such individuals are legally separated or have an action for dissolution
1376 or annulment of a marriage or for legal separation pending, pursuant
1377 to chapter 815j.

1378 (c) The department may adopt regulations, in accordance with the
1379 provisions of chapter 54, setting forth the terms and conditions under
1380 which electric distribution, gas, telephone and water companies,
1381 electric suppliers, certified telecommunications providers and
1382 municipal utilities furnishing electric, gas, telecommunications or
1383 water service may terminate service for reasons other than
1384 nonpayment of a delinquent account.

1385 Sec. 30. Section 16-331c of the general statutes is repealed and the
1386 following is substituted in lieu thereof (*Effective October 1, 2005*):

1387 Each community antenna television company, as defined in section
1388 16-1, shall annually contribute to the advisory council in its franchise
1389 area an amount not less than two thousand dollars. An advisory
1390 council may at its option receive any or all of its funding through in-
1391 kind services of the community antenna television company. Each

1392 advisory council shall annually, on January [first] thirty-first, provide
1393 the Department of Public Utility Control with an accounting of any
1394 funding or services received.

1395 Sec. 31. Subsection (f) of section 16-256i of the general statutes is
1396 repealed and the following is substituted in lieu thereof (*Effective*
1397 *October 1, 2005*):

1398 (f) A telecommunications company, or its affiliate or authorized
1399 representative using telemarketing to initiate the sale of
1400 telecommunications services, which the department determines, after
1401 notice and opportunity for a hearing as provided in section 16-41, has
1402 failed to comply with the provisions of this section or section 16-256j
1403 shall pay to the state a civil penalty of not more than [five] ten
1404 thousand dollars per violation.

1405 Sec. 32. Section 7-374 of the general statutes is repealed and the
1406 following is substituted in lieu thereof (*Effective July 1, 2005*):

1407 (a) As used in this section, "town" includes each town, consolidated
1408 town and city and consolidated town and borough; "municipality"
1409 excludes each town and includes each other independent and
1410 dependent political and territorial division and subdivision.

1411 (b) No town and no municipality coterminous with or within such
1412 town shall incur any indebtedness in any of the following classes
1413 through the issuance of bonds which will cause the aggregate
1414 indebtedness, in that class, of such town and of all municipalities
1415 coterminous with and within such town, jointly, to exceed the multiple
1416 stated below for each class times the aggregate annual receipts of such
1417 town and of all municipalities coterminous with and within such town,
1418 jointly, from taxation for the most recent fiscal year next preceding the
1419 date of issue: (1) All debt other than debt for urban renewal projects,
1420 water pollution control projects, school building projects, as defined in
1421 section 10-289, and the funding of an unfunded past benefit obligation,
1422 as defined in section 7-374c, two and one-quarter; (2) debt for urban

1423 renewal projects, three and one-quarter; (3) debt for water pollution
1424 control projects, three and three-quarters; (4) debt for school building
1425 projects, as defined in section 10-289, four and one-half; (5) debt for the
1426 funding of an unfunded past benefit obligation, as defined in section 7-
1427 374c, three; and (6) total debt including subdivisions (1), (2), (3), (4) and
1428 (5) of this subsection, seven. In the computation of annual receipts
1429 from taxation, there shall be included as such receipts interest,
1430 penalties, late payment of taxes and payments made by the state to
1431 such town and to municipalities coterminous with and within such
1432 town under section 12-129d and section 7-528. In computing such
1433 aggregate indebtedness, there shall be excluded each bond, note and
1434 other evidence of indebtedness (i) issued in anticipation of taxes; (ii)
1435 issued for the supply of water, for the supply of gas, for the supply of
1436 electricity, for the construction of subways for cables, wires and pipes,
1437 for the construction of underground conduits for cables, wires and
1438 pipes, for the construction and operation of a municipal community
1439 antenna television system and for two or more of such purposes; (iii)
1440 issued in anticipation of the receipt of proceeds from assessments
1441 which have been levied upon property benefited by any public
1442 improvement; (iv) issued in anticipation of the receipt of proceeds
1443 from any state or federal grant for which the town or municipality has
1444 received a written commitment or for which an allocation has been
1445 approved by the State Bond Commission or from a contract with the
1446 state, a state agency or another municipality providing for the
1447 reimbursement of capital costs but only to the extent such
1448 indebtedness can be paid from such proceeds; (v) issued for water
1449 pollution control projects in order to meet the requirements of an
1450 abatement order of the Commissioner of Environmental Protection,
1451 provided the municipality files a certificate signed by its chief fiscal
1452 officer with the commissioner demonstrating to the satisfaction of the
1453 commissioner that the municipality has a plan for levying a system of
1454 charges, assessments or other revenues which are sufficient, together
1455 with other available funds of the municipality, to repay such
1456 obligations as the same become due and payable; and (vi) upon

1457 placement in escrow of the proceeds of refunding bonds, notes or other
1458 obligations or other funds of the municipality in an amount sufficient,
1459 together with such investment earnings thereon as are to be retained in
1460 said escrow, to provide for the payment when due of the principal of
1461 and interest on such bond, note or other evidence of indebtedness.
1462 "Urban renewal project", as used in this section, shall include any
1463 project authorized under title 8, the bonds for which are not otherwise,
1464 by general statute or special act, excluded from the computation of
1465 aggregate indebtedness or borrowing capacity. In the case of a town
1466 that is a member of a regional school district, a portion of the aggregate
1467 indebtedness of such regional school district shall be included in the
1468 aggregate indebtedness of such town for school building projects for
1469 the purposes of this section. Such portion shall be determined by
1470 applying to the indebtedness of the district, other than indebtedness
1471 issued in anticipation of the receipt by the district of payments by its
1472 member towns or the state for the operations of such district's schools
1473 and of proceeds from any state or federal grant for which the district
1474 has received a written commitment or for which an allocation has been
1475 approved by the State Bond Commission or from a contract with the
1476 state, a state agency or another municipality providing for the
1477 reimbursement of capital costs but only to the extent such
1478 indebtedness can be paid from such proceeds, such member town's
1479 percentage share of the net expenses of such district for the most recent
1480 fiscal year next preceding the date of issue payable by such town as
1481 determined in accordance with subsection (b) of section 10-51.

1482 Sec. 33. Subdivision (1) of subsection (b) of section 16-244c of the
1483 general statutes is repealed and the following is substituted in lieu
1484 thereof (*Effective July 1, 2005*):

1485 (b) (1) (A) On and after January 1, 2004, each electric distribution
1486 company shall make available to all customers in its service area, the
1487 provision of electric generation and distribution services through a
1488 transitional standard offer. Under the transitional standard offer, a
1489 customer shall receive electric services at a rate established by the

1490 Department of Public Utility Control pursuant to subdivision (2) of
 1491 this subsection. Each electric distribution company shall provide
 1492 electric generation services in accordance with such option to any
 1493 customer who affirmatively chooses to receive electric generation
 1494 services pursuant to the transitional standard offer or does not or is
 1495 unable to arrange for or maintain electric generation services with an
 1496 electric supplier. The transitional standard offer shall terminate on
 1497 December 31, 2006. While providing electric generation services under
 1498 the transitional standard offer, an electric distribution company may
 1499 provide electric generation services through any of its generation
 1500 entities or affiliates, provided such entities or affiliates are licensed
 1501 pursuant to section 16-245.

1502 (B) The department shall conduct a proceeding to determine
 1503 whether a practical, effective, and cost-effective process exists under
 1504 which an electric customer, when initiating electric service, may
 1505 receive information regarding selecting electric generating services
 1506 from a qualified entity. The department shall complete such
 1507 proceeding on or before December 1, 2005, and shall implement the
 1508 resulting decision on or before March 1, 2006, or on such later date that
 1509 the department considers appropriate. An electric distribution
 1510 company's costs of participating in the proceeding and implementing
 1511 the results of the department's decision shall be recoverable by the
 1512 company as generation services costs through an adjustment
 1513 mechanism as approved by the department.

1514 Sec. 34. Subdivision (2) of subsection (a) of section 16-245a of the
 1515 general statutes is repealed and the following is substituted in lieu
 1516 thereof (*Effective July 1, 2006*):

1517 (2) An electric supplier or electric distribution company may satisfy
 1518 the requirements of this subsection by (A) purchasing Class I or Class
 1519 II renewable energy sources within the jurisdiction of the regional
 1520 independent system operator, or, on and after January 1, 2010, within
 1521 the jurisdiction of New York, Pennsylvania, New Jersey, Maryland,

1522 and Delaware, provided the department determines such states have a
1523 renewable portfolio standard that is comparable to this section; or (B)
1524 by participating in a renewable energy trading program within said
1525 jurisdictions as approved by the Department of Public Utility Control.

1526 Sec. 35. (NEW) (*Effective from passage*) (a) The Department of Public
1527 Utility Control shall, not later than January 1, 2006, establish a program
1528 to grant awards from January 1, 2006, to December 31, 2010, of twenty-
1529 five dollars per kilowatt-year to electric distribution companies for
1530 programs, approved by the department and developed in this state on
1531 or after January 1, 2006, of load curtailment, demand reduction and
1532 retrofit conservation that reduce federally mandated congested
1533 charges for the period from January 1, 2006, to December 31, 2010, or
1534 such later date specified by the department. No such award may be
1535 made unless the projected reduction in federally mandated congestion
1536 charges attributed to the program is greater than the amount of the
1537 award. Such companies' costs associated with establishing a program
1538 for which an award is made and the cost of each such award shall be
1539 recoverable through the charge for federally mandated congestion
1540 charges. Revenues from such awards shall not be included in
1541 calculating the electric distribution company's earnings for the purpose
1542 of determining whether its rates are just and reasonable under sections
1543 16-19, 16-19a and 16-19e of the general statutes.

1544 (b) Not later than January 31, 2007, and annually thereafter ending
1545 after January 31, 2011, or ending on such later date specified by the
1546 department, each electric distribution company shall report to the
1547 Energy Conservation Management Board on such company's activities
1548 under this section.

1549 Sec. 36. Subsection (a) of section 16-43 of the general statutes is
1550 repealed and the following is substituted in lieu thereof (*Effective July*
1551 *1, 2005*):

1552 (a) A public service company shall obtain the approval of the
1553 Department of Public Utility Control to directly or indirectly (1) merge,

1554 consolidate or make common stock with any other company, or (2)
1555 sell, lease, assign, mortgage, except by supplemental indenture in
1556 accord with the terms of a mortgage outstanding May 29, 1935, or
1557 otherwise dispose of any essential part of its franchise, plant,
1558 equipment or other property necessary or useful in the performance of
1559 its duty to the public. Any such disposition of an essential part of such
1560 other real property of a public service company shall be by public
1561 auction or other procedure for public sale, provided such auction or
1562 public sale shall be conducted upon notice of auction or sale published
1563 at least once each week for two weeks preceding the date of such
1564 auction or sale in a newspaper having a substantial circulation in the
1565 county in which such property is located. The public service company
1566 shall submit evidence to the department of the notice given. On a
1567 showing of good cause by such company to use a means of disposal
1568 other than by public auction or other procedure for public sale, the
1569 department may, on a finding of such good cause, authorize the use of
1570 an alternative sales process. A public service company other than a
1571 water company may sell, lease, assign, mortgage or otherwise dispose
1572 of improved real property with an appraised value of two hundred
1573 fifty thousand dollars or less or unimproved real property with an
1574 appraised value of fifty thousand dollars or less without such
1575 approval. The department shall follow the procedures in section 16-50c
1576 for transactions involving unimproved land owned by a public service
1577 company other than a water company. A water company supplying
1578 water to more than five hundred consumers may sell, lease, assign,
1579 mortgage, or otherwise dispose of real property, other than public
1580 watershed or water supply lands, with an appraised value of fifty
1581 thousand dollars or less without such approval. The department shall
1582 not accept an application to sell watershed or water supply lands until
1583 the Commissioner of Public Health issues a permit pursuant to section
1584 25-32. The condemnation by a state department, institution or agency
1585 of any land owned by a public service company shall be subject to the
1586 provisions of this subsection. On February 1, 1996, and annually
1587 thereafter, each public service company shall submit a report to the

1588 Department of Public Utility Control of all real property sold, leased,
1589 assigned, mortgaged, or otherwise disposed of without the approval of
1590 said department during the previous calendar year. Such report shall
1591 include for each transaction involving such property, without
1592 limitation, the appraised value of the real property, the actual value of
1593 the transaction and the accounting journal entry which recorded the
1594 transaction.

1595 Sec. 37. Subdivision (51) of section 12-81 of the general statutes is
1596 repealed and the following is substituted in lieu thereof (*Effective from*
1597 *passage*):

1598 (51) (a) Structures and equipment acquired by purchase or lease
1599 after July 1, 1965, for the treatment of industrial waste before the
1600 discharge thereof into any waters of the state or into any sewerage
1601 system emptying into such waters, the primary purpose of which is the
1602 reduction, control or elimination of pollution of such waters, certified
1603 as approved for such purpose by the Commissioner of Environmental
1604 Protection. For the purpose of this subdivision "industrial waste"
1605 means any harmful thermal effect or any liquid, gaseous or solid
1606 substance or combination thereof resulting from any process of
1607 industry, manufacture, trade or business, or from the development or
1608 recovery of any natural resource;

1609 (b) Any [person claiming] owner or lessee of such structures or
1610 equipment who wishes to claim the exemption provided under this
1611 subdivision for any assessment year shall, on or before the first day of
1612 November in such assessment year, file an application for such
1613 exemption with the assessor or board of assessors in the town in which
1614 such structures or equipment are located, in the form and manner said
1615 assessor or assessors shall prescribe, together with such certification by
1616 the Commissioner of Environmental Protection, as required under
1617 subparagraph (a) of this subdivision. [, with the assessor or board of
1618 assessors in the town in which such structures and equipment are
1619 located.] Failure to file such certification within the time limitation

1620 prescribed herein shall constitute a waiver of the right to such
1621 exemption for such assessment year. Such certification shall not be
1622 required for any assessment year following that for which initial
1623 certification is filed, provided if such structures and equipment are
1624 altered in any manner, such alteration shall be deemed a waiver of the
1625 right to such exemption until such certification, applicable with respect
1626 to the altered structures and equipment, is filed and the right to such
1627 exemption is established as required initially;

1628 (c) In the event there is a change in the name of the owner or lessee
1629 of any structure or equipment for which an exemption is granted
1630 pursuant to this subdivision, the new owner or lessee of such structure
1631 or equipment shall be required to file a revised application with the
1632 assessor or board of assessors on or before the first day of November
1633 immediately following the end of the assessment year during which
1634 such change occurs, except that for the assessment year commencing
1635 October 1, 2005, a revised application may be filed when there has
1636 been a change in the name of the owner or lessee of such structure or
1637 equipment during any assessment year and the exemption under this
1638 subdivision continued to be granted for each assessment year
1639 following such change. If such structures or equipment have not been
1640 altered in any manner, such new owner or lessee shall be entitled to a
1641 continuation of the exemption under this subdivision and shall not be
1642 required to obtain or provide a certification of approval from the
1643 Commissioner of Environmental Protection.

1644 Sec. 38. Subdivision (52) of section 12-81 of the general statutes is
1645 repealed and the following is substituted in lieu thereof (*Effective from*
1646 *passage*):

1647 (52) (a) Structures and equipment acquired by purchase or lease
1648 after July 1, 1967, for the primary purpose of reducing, controlling or
1649 eliminating air pollution, certified as approved for such purpose by the
1650 Commissioner of Environmental Protection. Said commissioner may
1651 certify to a portion of structures and equipment so acquired to the

1652 extent that such portion shall have as its primary purpose the
1653 reduction, control or elimination of air pollution;

1654 (b) Any [person claiming] owner or lessee of such structures or
1655 equipment who wishes to claim the exemption provided under this
1656 subdivision for any assessment year shall, on or before the first day of
1657 November in such assessment year, file an application for such
1658 exemption with the assessor or board of assessors in the town in which
1659 such structures and equipment are located, in the form and manner
1660 said assessor or assessors shall prescribe together with such
1661 certification by the Commissioner of Environmental Protection, as
1662 required under subparagraph (a) of this subdivision. [, with the
1663 assessor or board of assessors in the town in which such structures and
1664 equipment are located.] Failure to file such certification within the time
1665 limitation prescribed herein shall constitute a waiver of the right to
1666 such exemption for such assessment year. Such certification shall not
1667 be required for any assessment year following that for which initial
1668 certification is filed, provided if such structures and equipment are
1669 altered in any manner, such alteration shall be deemed a waiver of the
1670 right to such exemption until such certification, applicable with respect
1671 to the altered structures and equipment, is filed and the right to such
1672 exemption is established as required initially;

1673 (c) In the event there is a change in the name of the owner or lessee
1674 of any structure or equipment for which an exemption is granted
1675 pursuant to this subdivision, the new owner or lessee of such structure
1676 or equipment shall be required to file a revised application with the
1677 assessor or board of assessors on or before the first day of November
1678 immediately following the end of the assessment year during which
1679 such change occurs, except that for the assessment year commencing
1680 October 1, 2005, a revised application may be filed when there has
1681 been a change in the name of the owner or lessee of such structure or
1682 equipment during any assessment year and the exemption under this
1683 subdivision continued to be granted for each assessment year
1684 following such change. If such structures or equipment have not been

1685 altered in any manner, such new owner or lessee shall be entitled to a
 1686 continuation of the exemption under this subdivision and shall not be
 1687 required to obtain or provide a certification of approval from the
 1688 Commissioner of Environmental Protection.

1689 Sec. 39. The appropriation to the Department of Public Utility
 1690 Control for Personal Services shall be increased from \$10,754,193 to
 1691 \$10,940,000, for the fiscal year ending June 30, 2006, and from
 1692 \$11,106,405 to \$11,397,000 for the fiscal year ending June 30, 2007.

1693 Sec. 40. Sections 16-246b, 16-246c and 16-246d of the general statutes
 1694 are repealed. (Effective October 1, 2005)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	16-1(a)
Sec. 2	<i>from passage</i>	16-1(a)(40) and (41)
Sec. 3	<i>from passage</i>	16-19ss(d)
Sec. 4	<i>from passage</i>	16-244e(a)(6)
Sec. 5	<i>from passage</i>	16-245m
Sec. 6	<i>from passage</i>	16-245n
Sec. 7	<i>July 1, 2005</i>	16-245d(a)
Sec. 8	<i>from passage</i>	New section
Sec. 9	<i>from passage</i>	New section
Sec. 10	<i>from passage</i>	New section
Sec. 11	<i>from passage</i>	New section
Sec. 12	<i>from passage</i>	New section
Sec. 13	<i>from passage</i>	New section
Sec. 14	<i>from passage</i>	New section
Sec. 15	<i>from passage</i>	New section
Sec. 16	<i>from passage</i>	New section
Sec. 17	<i>from passage</i>	New section
Sec. 18	<i>from passage</i>	16-50k(a)
Sec. 19	<i>from passage</i>	New section
Sec. 20	<i>from passage</i>	New section
Sec. 21	<i>from passage</i>	New section
Sec. 22	<i>July 1, 2005</i>	16-32f
Sec. 23	<i>July 1, 2005</i>	16-50x(a)

Sec. 24	<i>from passage</i>	16-50i(a)
Sec. 25	<i>July 1, 2005</i>	16-244c(b)(2)(D)
Sec. 26	<i>October 1, 2005</i>	16-244c(j)
Sec. 27	<i>from passage</i>	New section
Sec. 28	<i>October 1, 2005</i>	16-245p
Sec. 29	<i>October 1, 2005</i>	16-262i
Sec. 30	<i>October 1, 2005</i>	16-331c
Sec. 31	<i>October 1, 2005</i>	16-256i(f)
Sec. 32	<i>July 1, 2005</i>	7-374
Sec. 33	<i>July 1, 2005</i>	16-244c(b)(1)
Sec. 34	<i>July 1, 2006</i>	16-245a(a)(2)
Sec. 35	<i>from passage</i>	New section
Sec. 36	<i>July 1, 2005</i>	16-43(a)
Sec. 37	<i>from passage</i>	12-81(51)
Sec. 38	<i>from passage</i>	12-81(52)
Sec. 40	<i>October 1, 2005</i>	Repealer section